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ABSTRACT

Declining state support and insufficient increases in county contributions have created a severe fiscal challenge to Prince George's Community College (PGCC), in Maryland. Total state aid in fiscal year (FY) 1995 was $857,189 less than in FY 1990, while in FY 1994 PGCC also began assuming responsibility for social security payments previously paid by the state. To meet the immediate revenue shortfalls engendered by state funding reversions, PGCC has undertaken the following measures: (1) elimination of cost-of-living increases since FY 1991; (2) the implementation of hiring and equipment purchase freezes and the elimination of conference travel, professional development, and training budgets; (3) furloughing employees from 5 to 7 days in FY 1992; (4) a reduction in summer pay rates; (5) implementation of an instructional services fee; (6) administrative reorganization; (7) a voluntary resignation incentive program; (8) downsizing through abolishing 27 vacant positions; and (9) an increase in tutition from $55 to $64 per credit hour. The college's needs over the next 5 years, however, will be considerable. More county residents attend PGCC than any other institution of higher education and the college spends $500,000 each year to provide academic support services to underprepared students. Further, to adequately prepare students for the changing world of work, the college must maintain up-to-date instructional laboratories. Increased public support will be needed to moderate future tuition increases and avoid limiting access. (Graphs and tables are included.) (BCY)

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Prince George's Community College and the Fiscal Crisis of the 1990's.

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Prince George's Community College and the Fiscal Crisis of the 1990s

Overview

Declining state support and modest increases in historically low county contributions to the college have created a severe fiscal challenge to Prince George's Community College in the 1990s. State and county aid have fallen below goals established both in law and in negotiations. The college implemented a wide-ranging cost containment strategy to help manage these shortfalls. Despite these efforts, part of the "missing" public revenues were necessarily passed on to students in higher tuition and fee charges. These higher charges threaten a key mission of community colleges, that of providing access to students historically shut out from higher education.

This briefing paper presents a series of statements summarizing the fiscal challenge, the college's response, and the college's needs for the future.

State and County Support in the 1990s

- **State aid to PGCC has declined.** The college receives less money from the state now than it did five years ago. Total state aid to PGCC in FY95 was $857,189 less than in FY90, a six percent decline in current-year dollars. The effective reduction is even greater due to inflation.

- **PGCC sustained three consecutive years of mid-year state funding reversions.** State aid was substantially below anticipated budgeted amounts in fiscal years 1991-93. In addition to the cut in direct formula aid, the state in FY92 also cut its contribution to community college FICA and retirement systems by 25 percent. Altogether, the mid-year funding cuts in FY92 equalled nearly ten percent of PGCC's budget.

- **Beginning in fiscal year 1994, the college assumed responsibility for payment of social security contributions previously paid by the state.** In FY93, the state of Maryland had paid over $1 million in FICA contributions for the college. These FICA payments are now incorporated into the college's budget.

- **The state contributed 28 percent of the college's current funds revenues in FY94.** The 1991 legislation creating the current community college funding formula stated a goal of having state support for community college operating costs equal 46 percent.

- **Community colleges enrolled over half of the undergraduates in Maryland in FY95 and received 14 percent of state higher education general fund appropriations.** The University of Maryland System, with 35 percent of the undergraduates, received 70 percent of state aid.

- **The Maryland Department of Fiscal Services forecasts state revenue shortfalls approaching $500 million by the end of the decade.** Given that the state constitution requires a balanced budget, a substantial proportion of state expenditures is mandated by federal law, and tax increases are resisted by many in the public and in politics, it is unlikely that state discretionary expenditures for higher education will increase significantly in the foreseeable future.

- **Prince George's County has historically provided a low level of support to PGCC, compared to the support peer counties have provided their community colleges.** Whether measured in terms of the county's share of the college budget, county aid per student, or the share of the county's budget contributed to the college, the support provided PGCC by Prince George's County has consistently been substantially below that provided by similar counties in Maryland to their colleges.

The College's Response to Declining Public Support

To meet the immediate revenue shortfalls engendered by the state funding reversions, and to position the college for the new fiscal environment, several measures have been implemented over the past four years:

- **Elimination of cost-of-living increases.** The college has not granted a cost-of-living allowance since FY91.

- **Cost containment.** Measures implemented during this period to contain costs have included hiring freezes, elimination of all conference travel, elimination of professional development and training budgets, and freezes on equipment purchases. During the FY92 crisis, only essential purchases of supplies and materials in direct support of instruction and safeguarding life and property were permitted.

- **Employee furlough.** During FY92, twelve-month employees were furloughed seven days, and ten-month employees were furloughed five days. The furlough cost employees $600,000 in lost wages.

- **Faculty summer pay reduction.** A reduction in the rate of compensation paid full-time faculty for summer teaching was implemented in FY92.

- **Instructional Services Fee.** This new consolidated fee, tied to the differential costs of teaching lecture, laboratory, and clinical courses, was implemented during FY92. While simplifying the college's fee structure and introducing a cost-based approach to fee charges, the new fee was also adopted to raise an anticipated $1.5 million in revenue needed to meet the FY92 budget.

- **Administrative reorganization.** To meet anticipated revenue shortfalls in FY93 and beyond, the college abolished seven administrative positions through reallocation of responsibilities. The reduction, from 41 to 34, represented a 17 percent decrease in administrative positions. Five dean and two director positions were eliminated.

- **Voluntary Resignation Incentive Program.** A second measure implemented prior to FY93 was an "early out" voluntary resignation incentive program. Employees with at least 20 years of service were offered 50 percent of their FY92 salary as incentive for early retirement. Ten faculty, three administrators, and four classified staff accepted the offer.

- **Area downsizing.** Vice presidents in each area implemented a downsizing strategy in FY93 that produced annual savings of $800,000. Twenty-seven vacant positions were abolished. In conjunction with the staff reductions, hours of operation of several campus services were reduced.

- **Fund balance expenditure.** To meet the FY94 budget without any increases in student tuition or fees, the college spent down its fund balance.

- **Health insurance cost reduction.** The college successfully negotiated cost savings in health insurance costs in FY95.

- **Tuition increase.** To meet the college's budget in FY95, tuition was raised from $55.00 to $64.00 per hour, a 16 percent increase.

The College and Its Needs

This section provides an overview of the college and its needs over the next five years.

- **Over 35,000 people take classes at PGCC each year.** Half are enrolled in degree-credit classes and half are enrolled in continuing education courses.

- **More Prince George's County residents attend PGCC than any other institution of higher education.** The college enrolls nearly three times as many County residents as the second most popular institution. Half of all County high school students who go to college will attend PGCC at some point in their college careers.

- **PGCC is the only opportunity for higher education available to many County residents.** The college's open admissions policy, plus convenient location and scheduling, make higher education available to many who would otherwise be shut out.

- **PGCC enrolls more African-American students than any other college or university in Maryland.** African Americans comprise three-fifths of PGCC's credit enrollment, numbering over 7,300 in fall 1994.

- **Seven out of ten students entering PGCC are unprepared for college work.** In fall 1994, 72 percent of entering students completing placement testing in reading, English, or mathematics needed remediation in at least one skill area. A fifth of the students needed developmental education in all three areas. Individualized instruction in computerized learning laboratories is a key, and expensive, component of the college's developmental program.

- **In addition to the costs of remedial instruction, PGCC spends $500,000 each year to provide academic support services to underprepared students.** To assist students unprepared for college work, PGCC has implemented a number of programs including Student Support Services, Vocational Support Services, Tutoring Center, and the ALANA (African-Latin-Asian-Native American) minority student retention and transfer program. Many of these programs are currently supported by grants. The need for them, however, will continue when the grant funding runs out.

- **To prepare students for the changing world of work, the college must maintain up-to-date instructional laboratories.** Employers and students need the college to provide instruction and experience with the workplace tools of today and tomorrow. Rapid advances in computer and other technologies require the college to routinely upgrade and replace laboratory equipment.

- **Funds are needed to implement the college's three-year Information Technology Plan.** PGCC has developed a comprehensive plan to harness the cost efficiencies and technical capabilities of emerging technologies to improve instruction, student services, and general college operations. The plan calls for replacement of the mainframe with LAN-based, client-server technology, utilization of fiber optics, establishment of an Internet node providing faculty, staff, and students access, and support of interactive video distance learning.

- **Opening of the new science building in 1998 will require new resources to fund increased housekeeping, utility, and other operating costs.** While this new facility is much needed to meet the educational needs of students, its opening will add considerable expense to PGCC's operating budget.

- **Funds will be needed to continue the growing Seniors program.** The number of senior citizens in Prince George's County is projected to increase by 15 percent between now and the year 2000. Exempt by state law from paying tuition, increasing numbers of seniors may avail themselves of the college's offerings, straining college resources available to support this program.

- **Increased public support is needed to moderate future tuition increases.** Despite efficient operations and cost containment efforts, PGCC faces a future of increasing costs of doing business. Without increased public support, the college will be forced to raise charges to students. Higher tuition and fees limit county residents' access to higher education. For many county residents, the community college is the only option available for higher education. If they cannot afford to attend PGCC, they will not pursue higher learning.

II. Data Displays

Table 1.

Prince George's Community College Changes in Unrestricted Current Funds Revenues, by Source, FY90-94				
Revenue Source	FY90	FY94	FY90-94 Change	Percent Change
Students	$12,535,312	$16,407,854	$3,872,542	31%
County	9,036,789	11,032,466	1,995,677	22%
State	11,367,820	10,950,157	(417,663)	-4%
Other	708,540	1,051,665	343,125	48%
Total	$33,648,461	$39,442,142	$5,793,681	17%

SOURCE: Annual IPEDS Finance Survey

Table 2.

Direct State Aid to PGCC and Mid-year Reversions, FY90-93			
Fiscal Year	Budgeted	Reversion	Received
1990	$11,367,820	$0	$11,367,820
1991	11,679,772	739,761	10,940,011
1992	11,583,160	2,768,655	8,814,505
1993	11,588,980	1,038,258	10,550,722

Table 3.

Projected State Revenue Shortfalls, FY96-2000	
Fiscal Year	Shortfall ($Millions)
1996	-148
1997	-296
1998	-392
1999	-421
2000	-483

SOURCE: Maryland Department of Fiscal Services

Table 4.

Prince George's County Contribution to PGCC, FY90-95		
Fiscal Year	County Contribution	Annual Change
1990	$9,036,789	N.A.
1991	10,032,466	11.0%
1992	10,032,466	0.0%
1993	11,032,466	10.0%
1994	11,032,466	0.0%
1995	11,382,466	3.2%

NOTE: In FY93, the county assumed FICA previously paid by state.

Table 5.

Percentage of County General Fund Expenditures Contributed to Local Community Colleges, FY93			
County	Total County General Fund Expenditures	Contribution to Community College	Percent of County Expenditures
Baltimore	$877,867,317	$27,339,169	3.1
Howard	296,314,274	7,108,546	2.4
Montgomery	1,345,245,499	29,888,688	2.2
Anne Arundel	476,302,260	10,098,420	2.1
Prince George's	795,602,208	10,032,466	1.3

SOURCE: Maryland Department of Fiscal Services

Table 6.

Percentage of County General Fund Expenditures Contributed to Local Community Colleges, FY90-93				
County	FY90	FY91	FY92	FY93
Baltimore	3.5	3.3	3.4	3.1
Howard	2.2	2.4	2.5	2.4
Montgomery	2.5	2.4	2.5	2.2
Anne Arundel	2.2	2.2	2.3	2.1
Prince George's	1.1	1.1	1.3	1.3

SOURCE: Maryland Department of Fiscal Services

Table 7.

Prince George's Community College Tuition and Required Fees per Credit Hour for Full-time In-County Students, FY91-95			
Fiscal Year	Tuition	Required Fees	Total
FY95	$64.00	$17.33	$81.33
FY94	55.00	17.33	72.33
FY93	55.00	17.33	72.33
FY92	55.00	3.67	58.67
FY91	50.00	3.00	53.00

Table 8.

Tuition and Required Fees per Credit Hour for Full-time In-County Students, FY95			
College	Tuition	Fees	Total
Prince George's	$64.00	$17.33	$81.33
Howard	71.00	7.10	78.10
Montgomery	57.00	7.41	64.41
Anne Arundel	58.00	4.73	62.73
Catonsville/Essex	54.00	2.27	56.27

SOURCE: Maryland Association of Community Colleges

Table 9.

Prince George's Community College Unduplicated Annual Headcount Enrollment Fiscal Years 1990-94				
Fiscal Year	Credit Courses (only)	Noncredit Courses (only)	Both Credit and Noncredit	Total Unduplicated Headcount
1990	18,113	19,878	1,394	39,385
1991	17,993	17,952	1,287	37,232
1992	18,151	18,046	1,258	37,455
1993	17,968	17,063	1,220	36,251
1994	17,267	16,975	1,155	35,397

Table 10.

Undergraduate Enrollment of Prince George's County Residents in Maryland Colleges and Universities, Fall 1991-93			
	1991	1992	1993
Prince George's Community College	12,692	12,595	12,187
University of MD-College Park	4,918	4,451	4,252
University of MD-University College	3,621	3,445	3,202
Bowie State University	1,648	1,877	2,087
University of MD-Baltimore County	682	678	668
Montgomery Community College	685	647	637
Towson State University	618	602	571
Morgan State University	415	484	539
University of MD-Eastern Shore	451	411	414
Frostburg State University	349	348	378
All others	1,864	1,896	1,847
Totals	27,943	27,434	26,782

Table 11.

Prince George's Community College Credit Student Profile, Fall 1992-94				
			Fall 1994	
	1992	1993	Number	Percent
Full-time	3,204	3,144	2,895	24%
Part-time	10,114	9,811	9,306	76%
Under 20	2,622	2,575	2,414	20%
20 - 24	3,772	3,552	3,230	26%
25 - 29	2,207	2,073	1,957	16%
30 - 39	2,804	2,795	2,670	22%
40 - 59	1,566	1,644	1,600	13%
60 and over	336	316	330	3%
Female	8,292	8,140	7,739	63%
Male	5,026	4,815	4,462	37%
African American	7,310	7,458	7,367	60%
Asian American	686	682	677	5%
Hispanic American	299	295	330	3%
Native American	76	85	92	1%
White American	4,786	4,288	3,619	30%
Foreign students	161	147	116	1%
Total headcount	13,318	12,955	12,201	100%

SOURCE: Office of Institutional Research and Analysis

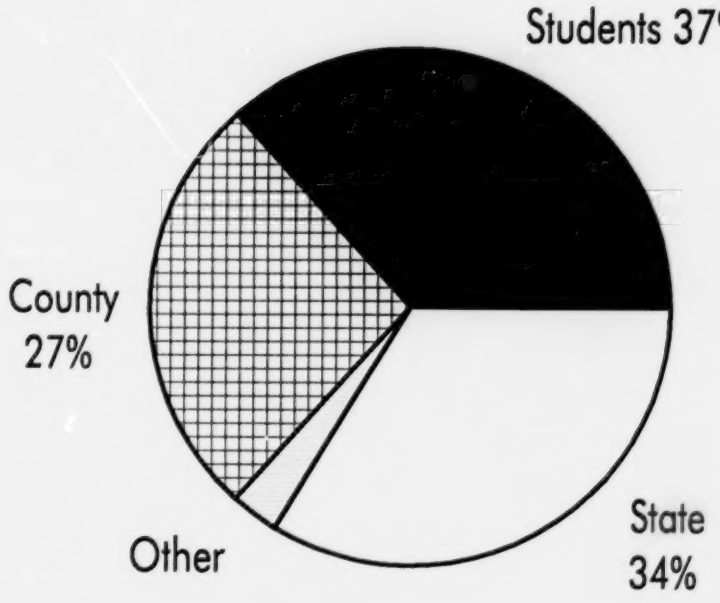
Table 12.

Percent of Entering Students Tested in All Three Basic Skills Areas Needing Remediation in at Least One Area		
Fall	Number Tested in All Three Areas	Percent Needing Remediation
1994	1,800	72%
1993	1,913	70%
1992	1,841	71%
1991	1,923	66%
1990	2,081	60%
1989	2,063	61%
1988	2,122	57%

SOURCE: Office of Institutional Research and Analysis

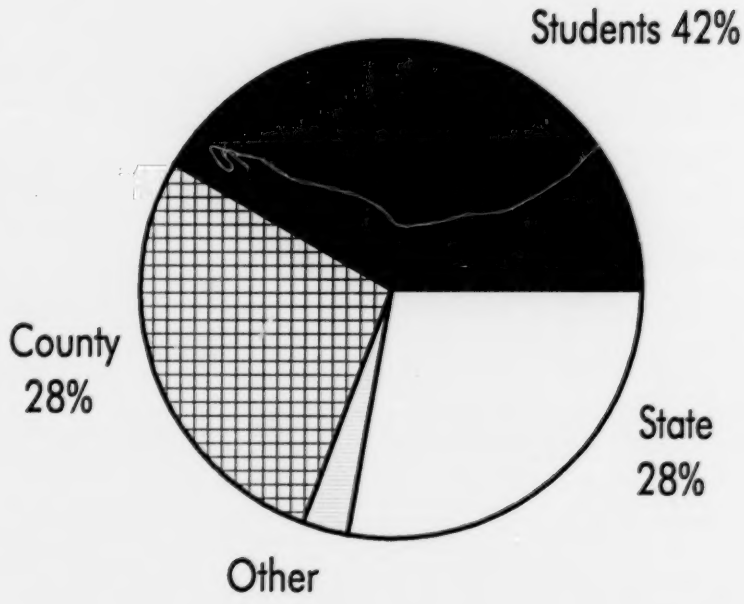
Prince George's Community College

Current Funds Revenues by Source



$33,648,461

FY90



$39,442,142

FY94

Prince George's Community College
Unrestricted Current Funds Revenues by Source

Fiscal Year	Tuition and Fees		State Contribution		County Contribution		Other Revenue		Total Current Funds	
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
1994	$16,407,854	42%	$10,950,157	28%	$11,032,466	28%	$1,051,665	3%	$39,442,142	100%
1993	$16,992,483	44%	$10,550,722	28%	$10,032,466	26%	$834,904	2%	$38,410,575	100%
1992	$15,757,375	44%	$8,814,505	25%	$10,032,466	28%	$966,115	3%	$35,570,461	100%
1991	$13,018,907	37%	$10,940,011	31%	$10,032,466	29%	$895,198	3%	$34,886,582	100%
1990	$12,535,312	37%	$11,367,820	34%	$9,036,789	27%	$708,540	2%	$33,648,461	100%
1989	$11,653,023	39%	$9,627,216	32%	$8,131,112	27%	$659,067	2%	$30,070,418	100%
1988	$11,008,148	39%	$9,193,087	32%	$7,524,168	27%	$585,074	2%	$28,310,477	100%
1987	$10,137,799	37%	$9,521,382	35%	$6,956,591	25%	$776,216	3%	$27,391,988	100%
1986	$9,531,653	37%	$9,241,904	36%	$6,427,337	25%	$502,604	2%	$25,703,498	100%
1985	$9,526,538	38%	$8,635,692	35%	$6,127,337	25%	$630,227	3%	$24,919,794	100%

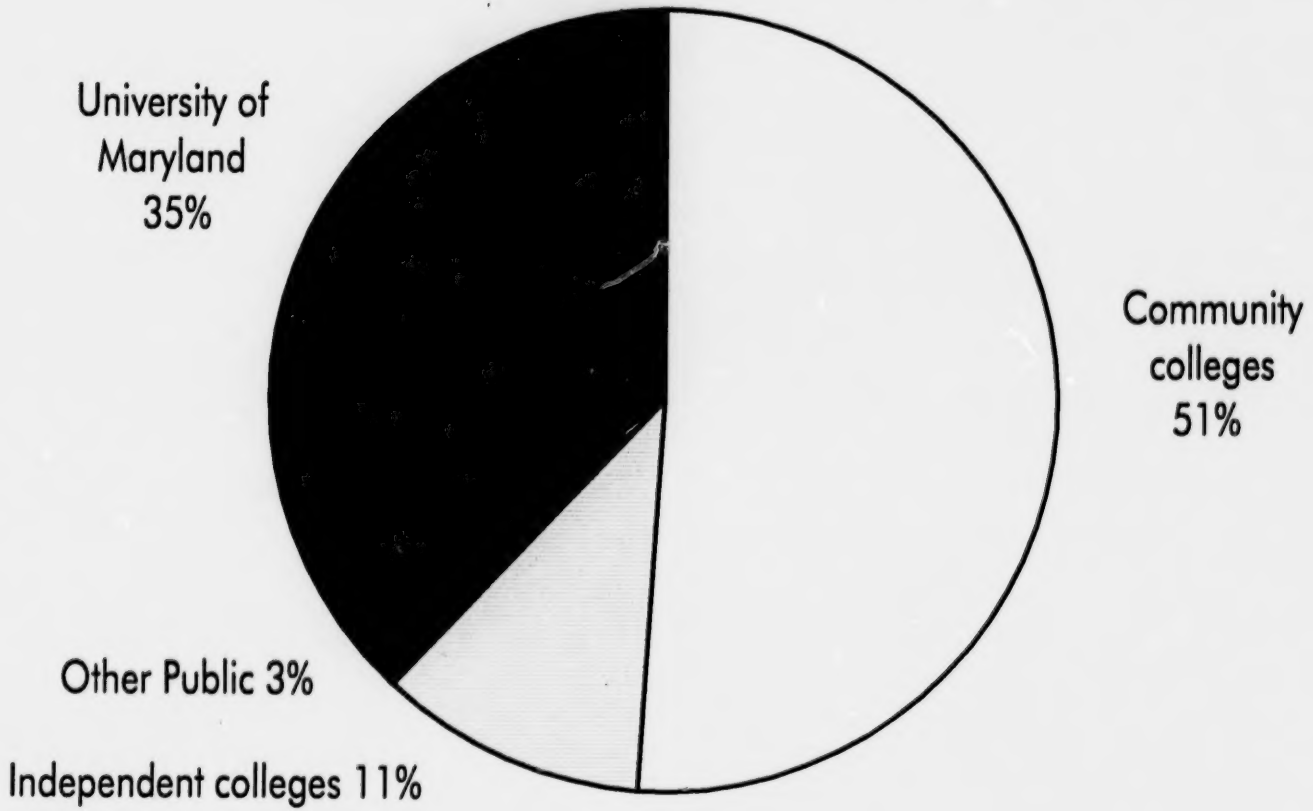
SOURCE: Annual IPEDS Finance Survey

State Aid to Prince George's Community College, FY90 - 95

	FY90	FY91	FY92	FY93	FY94	FY95
Formula aid	$11,367,820	$10,856,860	$8,687,370	$10,627,216	$10,950,461	$10,805,568
FICA	891,050	999,220	734,052	1,050,549	0	0
Retirement	2,172,587	2,131,328	1,702,819	2,679,382	2,592,114	2,707,685
Optional retirement	173,707	203,800	168,152	208,252	221,435	234,722
Total	$14,605,164	$14,191,208	$11,292,393	$14,565,399	$13,764,010	$13,747,975
Change from prior year		($413,956)	(2,898,815)	3,273,006	(801,389)	(16,035)

SOURCE: Maryland Department of Fiscal Services, July 1994

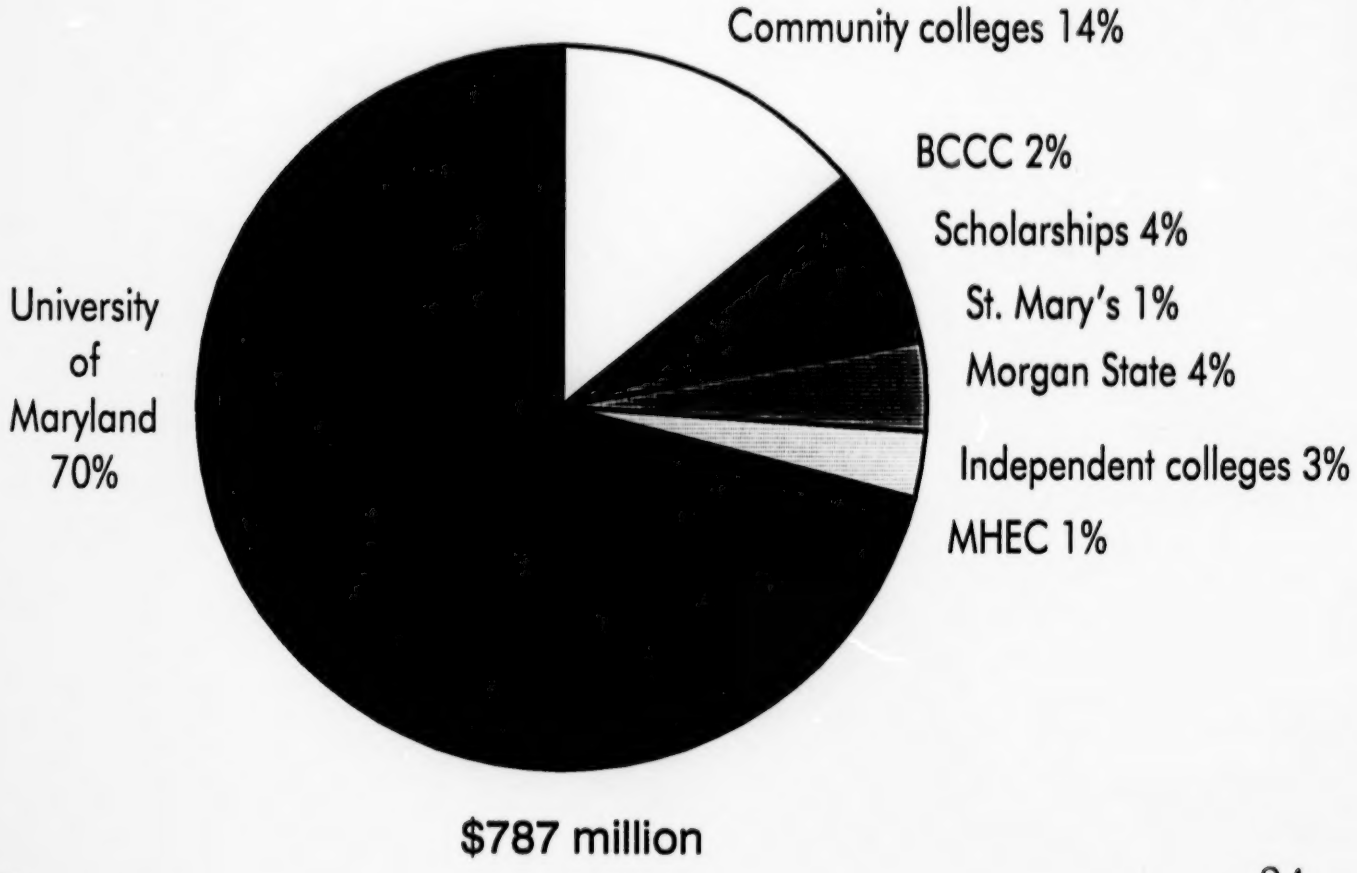
Fall 1994 Undergraduate Enrollment in Maryland Colleges and Universities



N = 220,656

State of Maryland FY95

Higher Education General Fund Appropriation



$787 million